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# **Philippines**

## **Retail Food Sector**

### **Report**

### **2002**

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#### **Report Highlights:**

**The Philippine retail sector continues to modernize and expand, fostering steady sales of a wide range of imported U.S. consumer-ready foods and beverages. In 2001, U.S. consumer-ready exports to the Philippines topped \$200 million, larger than to all other markets in Southeast Asia. Steady sales growth is expected in the near term due to recent liberalization in the retail sector, expansion in the Philippine economy, and a strong preference for American brands. Best product prospects include dairy, fresh fruits and vegetables, frozen vegetables, meats, nuts, processed food and wine.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Scheduled Report  
Manila [RP1], RP



## **MARKET SUMMARY**

The Philippines is the largest market for U.S. consumer-ready food exports in the ASEAN with sales topping \$200 million in 2001. Imports currently represent a small portion of total at-home food expenditures, which are estimated at \$17.6 billion in 2000, down 15 percent since 1997 but up 25 percent in peso terms. An estimated 8-10 million consumers (out of a total population of 78 million) have sufficient incomes to regularly purchase imported foods.

Industry analysts expect demand for imports will grow in the near-term, due primarily to: (1) continued growth and efficiency gains in the retail food sector; (2) an improving economy (forecast to grow by 4.5 percent in 2002); and (3) strong interest in western brands among Philippine consumers.

Improvements in Philippine food retailing are due mostly to passage of the 2000 retail trade liberalization law. The legislation, which allows foreign retailers to operate independently in the Philippines, has fostered growth in large-scale modern stores that offer a wider range of imported foods and purchase directly, eliminating the 20-40% mark-up charged by importers/distributors. Price Club, the first U.S.-based chain to enter the Philippines, debuted in 2001 with two outlets in Metro Manila, and plans to add 8 additional outlets by 2003.

In response to liberalization, local supermarket chains are also modernizing, expanding, and broadening their line of imported brands, often via direct importation. Rustans and Shoemart, with 22 and 16 outlets, respectively, are the two largest local modern chains and are adding new outlets each year.

As large-scale retailers continue to grow, smaller traditional retailers are facing enormous hurdles to keep up with the competition due to limited capital. In response, many are working to team up with other retailers to combine purchases and import directly to reduce costs. Given the limited know-how and experience in sourcing and logistics in warehousing and distribution, there could be additional sales opportunities to the smaller chains for U.S. exporters who can offer value-added services.

U.S. exporters should note that while direct importation is on the rise, distributors, wholesalers, agents and middle men will continue to handle most of the retail food business in the Philippines. Warehouse space is limited, even among many of the major retailers, requiring the services of an independent distributor or trader. Long-time importers/distributors also carry popular branded products often covered by exclusive distributorship agreements with the manufacturer.

### **Philippine Economy Projected to Rise by 4.5% in 2002**

The upbeat forecast for imported foods is also supported by projected gains in the Philippine economy, one of the few Asian economies that continues to expand despite the global recession. The government's bullish outlook is due to improved stability on the political front, increased business confidence, and a rebound in foreign direct investment.

### **U.S. Brands Popular Among Filipinos**

Filipinos have demonstrated a strong preference for U.S. brands and are always looking for new American products to taste and enjoy. As incomes grow, so do purchases of American brands. To attract shoppers, supermarket chains regularly feature American products in their "new item" sections, gondola ends, and mailers.

### C **Description of Retail Food Sub-sectors**

Super Centers / Hyper Markets / Warehouse Stores / Wholesale Club	Large supermarket stores (in terms of area or space occupied), self-service. Usually arrange items in a warehouse type setting (up to the ceiling racks/shelves). Offer a wide variety of food and non-food items. Non-food items offered include: furniture, appliances, clothes, etc.
Supermarket/Grocery	Mostly located inside shopping malls, department stores or within a commercial complex. Range from large state-of-the-art to small.
Convenience stores/gas marts/kiosks	Have longer operating hours (usually on a 24 hr. basis) and can be found mostly beside gasoline stations or near intersections. Have limited line of food and non-food items with some sort of fast food services.
"Mom & Pop"/Sari-Sari Stores	Neighborhood stores owned and managed by a household in the community, selling a variety of essential items such as rice, cooking oil, sugar, etc. Much smaller than convenience stores, they are usually built within or beside operator/owner's own house.
Wet Markets	Usually sell "fresh" meat, fish, vegetables, fruits and other items. Mostly local products but some imported items, especially fresh fruits.

### C **Retail Food Sales**

Total family expenditures on food increased by 25 percent from 1997 to 2000. On an annual basis, this growth averages to 8.3 percent. The country's inflation rate from 1997 to 2000 based on the Consumer Price Index was estimated at 22.0 percent or an average annual rate of 6.9 percent. Net of inflation, total food expenditures went up by 5.6 percent from 1997 to 2000 or an average of 1.8 percent annually. Food consumed at home had a share of 38.3 percent, down from 39.5 percent in 1997 while food consumed outside the home increased from 4.7 percent to 4.9 percent in 2000.

Table 1. Food Expenditures

(in Billions)		1997	2000	% change
Total Food Expenditure	in PhP	618.8	775.8	25%
	in US\$	20.8	17.6	-15%
Consumed at Home	in PhP	553.0	689.4	25%
	in US\$	18.6	15.7	-16%
Consumed Outside	in PhP	65.8	88.2	34%
	in US\$	2.2	2.0	-10%
BSP Exchange Rates		29.7	44.0	

Source: National Statistics Office (NSO)

Note: Exchange Rates are based on Bangko Sentral ng Pilipinas' (BSP) ave. rate per year

Among the major food groups, cereals and cereal preparations accounted for 29 percent of the total food expenditures in 2000, followed by meat products at 16 percent, and fish products at 13 percent. Other products with significant shares are: fruits and vegetables (9%), and dairy products including eggs (7 %). The proportion of spending on food consumed outside the home or eating-out is only 11 percent of total food expenditures.

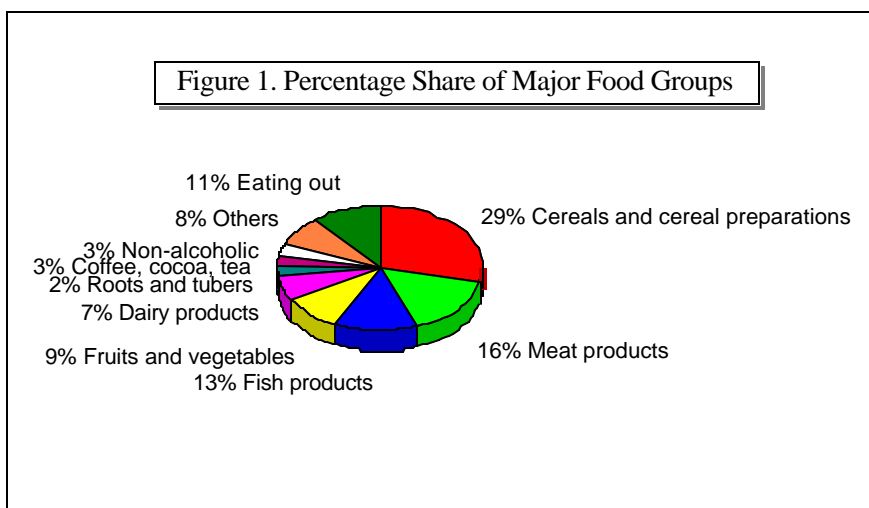


Table 2. Food Expenditure by Major Food Groups

(in Billions)	in PhP	in US\$	Percentage
Cereals and cereal preparations	225.0	5.1	29%
Meat products	124.1	2.8	16%
Fish products	100.9	2.3	13%
Fruits and vegetables	69.8	1.6	9%
Dairy products	54.3	1.2	7%
Roots and tubers	15.5	0.4	2%
Coffee, cocoa, tea	23.3	0.5	3%
Non-alcoholic	23.3	0.5	3%
Others	59.9	1.4	8%
Eating out	88.2	2.0	11%

Source: National Statistics Office (NSO)

- **Food Imports**

In the wake of the 1997-98 regional economic crisis and devaluation in the peso, total food imports have declined. After peaking at almost \$2.2 billion in 1997, sales have slid to an estimated \$2.1 billion in 2001.

A modest rebound is expected in 2002, as an improving economy and efficiency gains at retail will make imports more affordable.

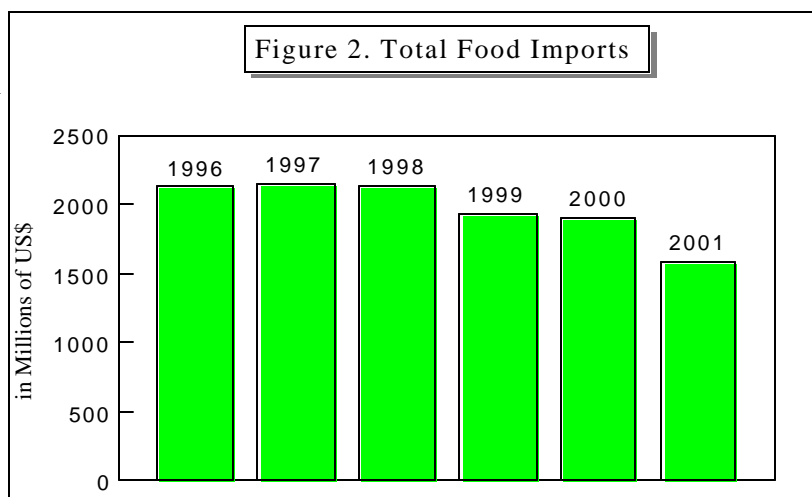


Table 3. Food Imports, 1996 -2001 (in US\$ millions)

<b>Imports from the World</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001*</b>
Processed Foods	1,209	1,292	1,055	1,116	1,231	668
Percent Change		6.9%	-18.4%	5.9%	10.3%	
Fresh Foods	926	864	1,086	821	677	372
Percent Change		-6.7%	25.8%	-24.4%	-17.6%	
Total	2,134	2,156	2,141	1,938	1,909	1,040
Percent Change		1.0%	-0.7%	-9.5%	-1.5%	

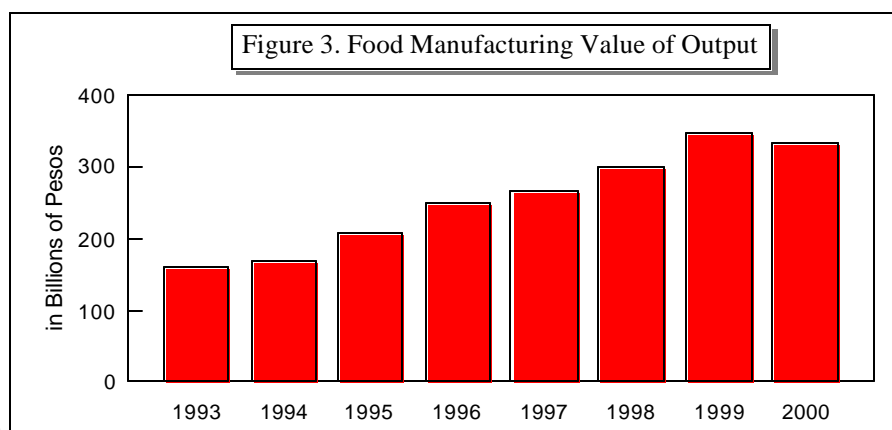
Source: Philippine Department of Trade and Industry (DTI)

Note: Figures are CIF Value

\*Latest available data for 2001 is from January to September only

### C **Domestic Food Production**

Total output value of the food manufacturing sector declined in 2000 for the first time since the early 1990s, to 333 billion pesos (\$7.5 billion). Domestic processors continue to face numerous challenges, including the limited and unstable supply of domestic inputs resulting in prices that can at times be higher than world market prices. This is largely



due to inefficient and at times non-existent post-harvest and storage facilities and inadequate farm to market support. Electricity cost in the Philippines is one of the highest in Asia. Philippine food manufacturers and processors are increasingly relying on imported food ingredients and packaging materials. There is an

abundance of skilled workers but the domestic processing industry needs to modernize and upgrade facilities to maintain its competitive advantage. There has been considerable improvement, particularly for the bigger companies whose financial capabilities are able to support expensive capital outlays. Some companies have qualified and are ISO-certified. However, there is still a significant percentage of backyard processors, especially, in rural areas using manual processes.

Table 4. Food Manufacturing Value of Output (value in billions)

Year	1993	1994	1995	1996	1997	1998*	1999*	2000*
<b>in P</b>	161.0	169.1	208.6	249.3	266.4	302.6	347.7	333.1
% Change		+5.0	+23.3	+19.5	+6.8	+13.6	+14.9	-4.2
<b>in \$</b>	5.9	6.3	8.1	9.5	9.0	7.4	8.8	7.5
% Change		+7.2	+26.9	+17.2	-4.8	-18.1	+19.1	-14.2

Source: Philippine National Statistics Office (NSO)

Note: Exchange Rate/yr. were based on Bangko Sentral ng Pilipinas' ave. rate/yr.

\*Estimates based on growth rates provided by Philippine Department of Trade and Industry (DTI)

## C Trends in Distribution Channels

Importer/distributors are in direct contact with big supermarkets, hyper marts and wholesale clubs. Smaller stores, such as "mom and pop" or sari-sari stores, are handled by agents or middle men. It may also be noted that there are big distributors which employ sub-distributors particularly for the rural areas or provinces. While this practice reduces the distributor's mark-up, it increases their sales volume.

Although infrastructure has improved, there is a lot of room for improvement. Traffic in the urban areas, particularly in Metro Manila increases distribution cost.

Communication between supplier and retailer has also improved. Major retail supermarket chains have already computerized their operations. Supervalve Inc. (SM Supermarket) is currently using their web page in the Internet to communicate with present and potential suppliers their purchase orders, announcements of product returns, etc. Pilipinas Makro uses computers for reordering, stock control, invoicing customers' purchases and a scanning system that ensures fast and correct billing to guarantee accurate invoices.

## C Trends in Services Offered by Food Retailers

Before the end of 2000, Rustan's introduced the "Fresh" concept to the market by offering rows of fresh produce (fruits and vegetables), beef, pork, poultry, seafood, delicatessen, dairy and baked goods. By the second quarter of 2001, all the other major supermarket chains followed by incorporating the "fresh" concept. The "fresh" revolution elevated the standards of grocery shopping in the country by providing consumers with quality goods and services at very reasonable prices.

Internet shopping was also introduced by Rustan's. Some retailers are now offering free delivery service within a specified radius.

Neighborhood convenience stores are now incorporating fast-food services where customers can enjoy the convenience of eating freshly prepared fast food in the store's dine-in area. Robinson's Retail Group introduced this combo-store format concept when they opened Mini-Stop. Robinson's has plans of putting up 500 to 1,000 Mini Stop outlets in the next three to five years doubling 7-Eleven's target. Rustan's ventured into the neighborhood convenience store arena through its Rustan's Expresslane which is a scaled down version of its supermarket but still offers a complete line of products.

Promo sales are usually offered during payday and special holidays like Christmas. Mailers that contain information on product promotions and new products are also sent out to members of wholesale clubs such as Makro. Other promotions and services include the "buy one take one promo", free gift items for purchase of particular products and accumulating points and earning gifts and rewards for purchases.

Credit card ownership and auto-debit of purchases through automated teller machine (ATM) bank cards have increased significantly which translates into a greater latitude for consumer purchases.

- Advantages & Challenges of the Retail Food Sector

Advantages (Sector Strengths)	Challenges
<p>Approval of the retail trade liberalization which allows foreign retailers to operate in the Philippines</p> <p>Imported brands are competitive in terms of prices</p> <p>Imported brands, especially American, are very popular with consumers</p> <p>Consumers perceive imported brands to be of higher quality than local brands.</p>	<p>Stiff competition as a result of lowering of trade barriers</p> <p>Purchasing power of the peso dependent to a large extent on foreign exchange fluctuations</p> <p>Price is a major factor for competitiveness</p> <p>Delivery/Availability of products - Large inventories are required.</p>
<p>Proliferation of malls that encourages further expansion of retail establishments</p> <p>The population is estimated to reach 76 million in 2000 and 86 million by 2005.</p> <p>Economic growth is forecast at 4.5percent to 5.5percent in years 2000 and 2001.</p> <p>The Philippine population is becoming progressively more urban.</p>	<p>Inadequate infrastructure to support efficient distribution of goods</p> <p>Multitude of small establishments that lack financial resources to implement necessary improvements, upgrades and expansion</p> <p>Local market generally takes smaller retail packs mainly due to affordability</p>

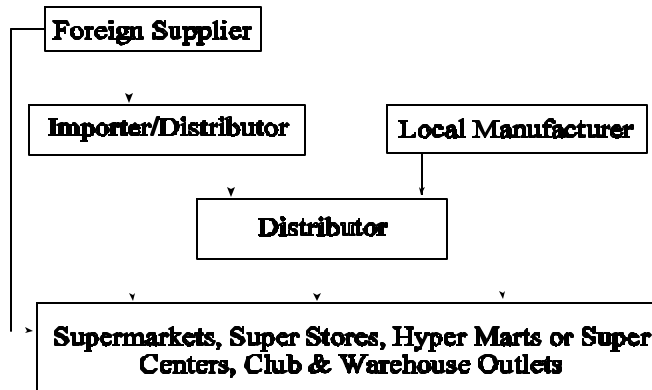


## ROAD MAP FOR MARKET ENTRY

### A. Supermarket, Super Stores, Hyper Markets or Super Centers, Clubs and Warehouse Outlets

#### Entry Strategy

Instead of putting up a local company in the Philippines, exporters who wish to supply food products to local food retailers may appoint an exclusive importer/distributor or engage the services of a trading firm in order to enter the market. These importers or trading firms usually have their own distributors and sometimes, they act as distributors themselves. This strategy will eliminate the inconvenience of having to register a local company and hire personnel which could be expensive in the long run. Dealing with customs and importation inconveniences are also eliminated through this entry strategy. In addition, all imported food products need to be registered with the Philippine Bureau of Food and Drug (BFAD). Only Filipino entities may register products with BFAD.



**Figure 5.** Market Structure

#### Market Structure

Large retail stores usually have many suppliers which include local manufacturing companies or their distributors, trading firms or importer/distributors. Sometimes, these importers/distributors still have sub-distributors which supply to retail stores. There are, however, retailers who import some products themselves, although sourcing from importers/distributors is the most common and preferred practice in the industry. These retailers normally have a central receiving, warehousing and distribution center.

Table 6. Company Profiles

Retailer Name & Outlet Type	Ownership	Sales (\$M)	No. of Outlets	Locations	Purchasing Agent Type
Uniwide Sales Warehouse Club, Inc. (warehouse club)	Filipino	195.79	10	Mandaluyong, Manila, Kalookan Laguna, Pampanga, Paranaque (3), Quezon City, Tarlac	Importer Distributor Agent Direct Mfrs.

Rustan's Supermarket (supermarket)	Filipino	192.15 (inc.dept. store)	22	Cebu, Makati (3) Marikina, Mandaluyong, Manila (2), Muntinlupa (2), Pasig, Quezon City (6), Rizal	Importer Distributor Agent Direct Mfrs.
Pilipinas Makro Inc. (wholesale club)	Dutch Filipino	162.06	8	Cainta, Cavite, Cebu, Davao, Manila, Pampanga Paranaque Quezon City	Importer Distributor Agent Direct Mfrs.
Supervalu, Inc.- SM Supermarket (super center and supermarkets)	Filipino	151.12	16	Cavite, Cebu Davao, Iloilo (3), Las Pinas, Makati, Manila, Mandaluyong, Marikina,, Pampangga, Quezon City (3) Sta. Mesa	Importer Distributor Agent Direct Mfrs.
South Supermarket (supermarket)	Filipino	75.61	8	Batangas Bulacan, Laguna (2), Makati, Muntinlupa, Pasig , Valenzuela	Importer Distributor Agent Direct Mfrs.
Walter Mart Supermarket (super center)	Filipino	8.73	9	Batangas, Cavite (5) Laguna (4), Makati Paranaque Quezon City,	Importer Distributor Agent Direct Mfrs.
Cherry Foodarama (supermarket)	Filipino	7.5	2	Mandaluyong City, Quezon City	Importer Distributor Agent Direct Mfrs.
S&R Price (Membership Shopping)	American/ Filipino	not yet available	2	Fort Bonifacio/ Cainta	Importer Distributor Agent Direct Mfrs.

- C Most large retail stores are located in the Metro Manila area and other urban centers.
- C Pilipinas Makro and Uniwide Sales are both wholesale clubs. However, unlike Uniwide, Pilipinas Makro is not open to the general public. All purchases from Makro are strictly on a wholesale basis and customers (with specific and appropriate type of business) must apply for membership first before being allowed to buy from the store.
- Rustan's is perceived to cater to the AB class market segment compared to other supermarket

chains.

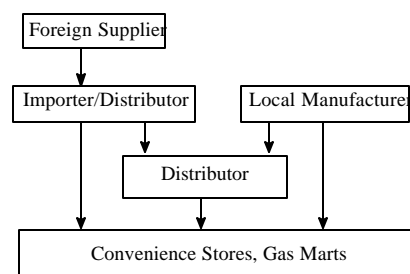
- C All major retail stores sell both imported and local products. There are aisles specifically for imported food items. Some retail stores also introduce house brands (e.g. SM Bonus and Sure Buy).
- C Malls and hypermarkets are becoming increasingly popular as shoppers prefer to go to large establishments that serve as one stop shop. Major market drivers which affect large retail stores include: the growth of the economy, increase or decrease of the pesos' purchasing power, growth of the population around their stores, the growth of the area or city where their store is located as well as the growth of nearby cities. (Note: Growth refers to developments in terms of new businesses opened, new constructions, and increase in schools or offices nearby).
- S&R Price Membership Shopping (Price Club) opened 2 stores in 2001 and is expected to open 3 more stores by the end of 2002 and a total of 10 stores by the end of 2003. The local retailers have noted that the S&R strives to keep prices as low as possible. S&R does this through volume buying directly from the manufacturers or importers which cuts through the layers of distributors and middlemen. The importers are willing to give huge discounts because S&R promises prompt payment on shorter credit terms, in-house merchandising and out-right purchase (vs. concessionaire-type arrangements) and a huge market of people looking for value for money.

#### A. Convenience Stores, Gas Marts

##### Entry Strategy

Convenience stores and gas marts in the Philippines are usually a chain of stores operated by one parent company. It is best for new-to-market exporters who would like to supply to these kind of retail stores to appoint an importer/distributor. Importers/distributors who distribute to big retailer stores also distribute to convenience stores or gas marts. However, the products for distribution in convenience stores and gas marts are basic necessities to consumers; otherwise, fast turnover of the product is not guaranteed.

Distributors must contact the head offices of these chain of convenience stores and offer to be a supplier. These distributors may be distributors of Importers/Distributors or distributors of big manufacturing firms.



**Figure 6. Market Structure**

**Table 6. Company Profiles**

Retailer Name & Outlet Type	Ownership	Sales (\$M)	No. of Outlets	Locations	Purchasing Agent Type
Phil. Seven Corp (7-11) (convenience stores)	Filipino	80.95	180+	Metro Manila	Importer Distributor Agent Direct Mfrs.

Jollimart Corp. (Bingo) (convenience store)	Filipino	4.06	14	Metro Manila	Importer Distributor Agent Direct Mfrs.
Super 24 Retail Store (convenience store)	Filipino	no financial statement yet	10	Metro Manila	Importer Distributor Agent Direct Mfrs.
Pilipinas Shell Petroleum Corp. (Select Convenience Store) (gas mart)	Filipino	not available	62	Nationwide	Importers Distributor Wholesalers Direct Mfrs.
Caltex Philippines (Star Mart) (gas mart)	Filipino	not available	48	Nationwide	Importer Distributor Agent Direct Mfrs.

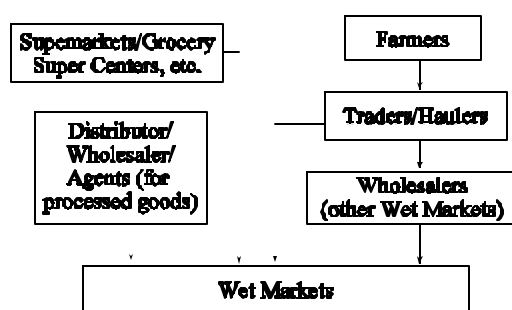
- C The biggest chain of convenience stores in the Philippines is **7-11**. The locations include nearby urban centers. **SUPER 24** a new convenience store which has just started operation has already 10 outlets. There are other convenience stores located mostly in the Metro Manila area.
- The ShoeMart Group of Companies is forging a joint venture with the Hutchinson Group, a Hong Kong-based conglomerate for the establishment of 250 Watson's outlets in the country which will include shelves for snack food and ready-to-drink beverages.
- C Imported items and locally-produced products are offered in both convenience stores and gas marts. Imported items include snack items, chocolates and fast food items such as noodles.
- C Customers come from different segments of society. Convenience stores usually operate on a 24 hour basis. People come to these stores depending on the urgency of their needs. These stores save them time from going to big supermarkets or grocery stores and experiencing heavy traffic associated with travelling. A number of consumers buy depending on their budget. People with budget in mind buy only those which they need when they need it. Convenience Stores and Gas Marts which are mainly location-oriented are thus able to sell products to them at a premium in exchange for convenience.
- C Convenience stores are gaining popularity as consumers attach more and more importance to image, ambience, comfort and availability of products. Major market drivers for convenience stores include: economic growth, the purchasing power of the consumers and new food products which arouse the curiosity of consumers. The location of the store or gasoline station and the traffic of people passing in the area are also contributing factors.

## B. Traditional Markets - "Mom & Pop" Small Independent Grocery Stores and Wet Market

### Entry Strategy

New-to-market exporters are advised to focus on the bigger establishments such as Super Centers, Hyper Center, Supermarkets, Independent Supermarkets and Convenience Stores. The "Mom and Pop" stores or Sari-sari stores concentrate on selling essential household needs, so they are located mostly in the neighborhood areas. Should the new-to-market exporter take interest in penetrating the "Mom and Pop" stores, his products must be household necessities. The best approach would be to appoint a distributor and ensure that the product is available in the warehouse stores and hypermarkets.

Major imported products available in wet markets are fresh fruits including apples, table grapes and oranges that are sourced from local wholesalers and distributors. Limited varieties of imported canned fruits and vegetables are occasionally available, like during Christmas. It is to be noted that retailers in



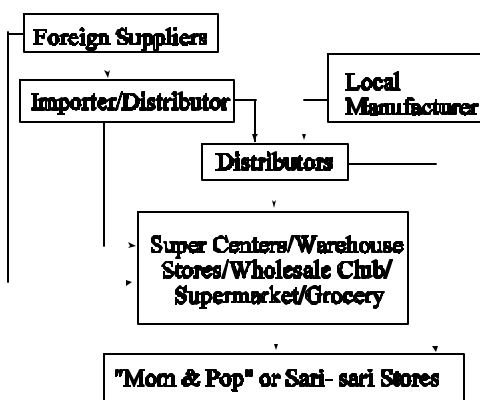
**Figure 7**

convenience of clean, well-lighted and one-stop shopping further encourages the shift to modern supermarkets.

### Market Structure

In the case of "Mom & Pop" or Sari-sari stores, since these retail stores are quite small, they usually source their products from Super Centers or Warehouse Stores or through membership in Makro Superstore (a wholesale club). Distributors of local food manufacturers also supply to "Mom and Pop" stores. Retailers in Wet Markets usually source their products from local wholesalers or local manufacturers.

wet markets occupy stalls that average 6 square meter. We do not expect wet market retailers to become a significant retailer of imported food products, other than for fresh fruits. Traditionally, wet markets are the main source of fresh produce and meat purchases. It is estimated that about 80 percent of food purchases are made from wet markets. This ratio becomes increasingly in favor of supermarkets especially among higher income consumers in the Metro Manila area where food purchases from wet markets are estimated at about 25 percent. There is a discernible trend towards buying more from supermarkets and away from wet markets mainly due to food safety concerns. The



**Figure 8**

### Sub-Sector Profiles

- C The "Mom and Pop" stores or Sari-sari stores are located mostly in neighbourhood areas and cater to limited customers near their location. Owners usually operate only one store. Products available are mostly basic food and household items and usually local products.
- C Wet markets are located in every city or municipality. Items offered in wet markets are fresh produce such as meat, fish, chicken, fruits and vegetables which are comparatively lower in price than those in supermarkets or groceries. The economic growth of the country affects retailers in wet markets, as well as the consumers' purchasing power.
- Package sizes or units of sale are usually smaller because of the very limited purchasing power of consumers in these markets. Normal purchases are limited to a family's daily food requirements only.

## COMPETITION

Domestically produced items account for about 80 percent of the total food supply with the balance being imported. According to interviewed retailers, an advantage of local food products is their ready availability. They have encountered problems with imported items in terms of delivery schedules, stock availability and pricing. However, they are still very optimistic with regards to the competitiveness of imported products. Some imported items even cost less than locally-produced ones. U.S. products are very popular and have great appeal to Philippine consumers. They are perceived to be of better quality compared to imports from other Asian countries.

The ongoing tariff reductions have greatly encouraged direct importation of products from the United States. It is to be noted, however, that American and other multinational companies are increasingly establishing manufacturing plants in the Asian region.

### U.S. Market Share of Imported Products

- C U.S. was the top supplier of imported food and food preparations in 2000 with a market share of 28.9 percent. Australia followed with 16.0 percent and New Zealand at 5.9 percent.
- C Food and food preparations are being imported as Processed Food and Fresh Food. In the Processed Food category, the United States is the top supplier with a market share of 23.5 percent, followed by Australia with 19.9 percent and New Zealand with 9.1 percent.
- C In the Fresh Food category, United States is the number one supplier to the country accounting for 39.4 percent of the total imports of Fresh Food while Australia accounts for 10.2 percent, and China at 5.8 percent.

Table 7

Philippines Imports (In Millions of Dollars)	Imports from the World Share			Imports from the U.S.			U.S. Market		
	1999	2000	2001	1999	2000	2001	1999	2000	2001
FOOD AND FOOD PREPARATIONS	1,937	1,908	1,040	549	556	447	0.28	0.29	0.43
PROCESSED FOODS	1,116	1,231	668	273	289	217	0.24	0.23	0.32
FRESH FOODS	821	677	372	276	267	230	0.34	0.40	0.62

**U.S. Market Share by Major Product Categories**

Table 8

Product	Country	CIF Value in US\$ '000	Percent Share
<b>PROCESSED FOOD</b>			
<b>Meat and Meat Preparations</b>	China	4,572	40.1%
	<b>US</b>	<b>3,263</b>	<b>28.6%</b>
	France	592	5.2%
	Australia	512	4.5%
	New Zealand	455	4.0%
	Others	2,017	17.7%
	<b>TOTAL</b>	<b>11,411</b>	<b>100.0%</b>
<b>Dairy Products and Birds Eggs</b>	Australia	175,767	43.2%
	New Zealand	100,314	24.7%
	Netherlands	31,583	7.8%
	<b>US</b>	<b>18,504</b>	<b>4.6%</b>
	Ireland	15,815	3.9%
	Germany	10,963	2.7%
	Thailand	9,268	2.3%
	France	8,140	2.0%
	Others	36,095	8.9%
	<b>TOTAL</b>	<b>406,449</b>	<b>100.0%</b>
<b>Cereal and Flour Preparations</b>	Australia	22,361	22.9%
	<b>US</b>	<b>12,661</b>	<b>13.0%</b>
	China	12,652	13.0%
	France	5,502	5.6%
	Malaysia	4,418	4.5%
	Thailand	3,759	3.9%
	Great Britain/N.	3,826	3.9%
	Ireland		
	Others	32,438	33.2%
	<b>TOTAL</b>	<b>97,617</b>	<b>100.0%</b>
<b>Processed Fruits</b>	<b>US</b>	<b>4,706</b>	<b>33.1%</b>
	Australia	1,660	11.7%
	China	1,105	7.8%
	Others	6,748	47.5%
	<b>TOTAL</b>	<b>14,219</b>	<b>100.0%</b>
<b>Processed Vegetables</b>	<b>US</b>	<b>25,912</b>	<b>34.3%</b>
	China	17,317	22.9%
	Canada	3,069	4.1%
	Others	29,164	38.6%

	<b>TOTAL</b>	75,462	100.0%
<b>Non-alcoholic Beverage</b>	Ireland	17,025	25.6%
	Netherlands	7,039	10.6%
	<b>US</b>	<b>6,938</b>	<b>10.5%</b>
	Australia	718	1.1%
	Others	34,671	52.2%
	<b>TOTAL</b>	66,391	100.0%
<b>Alcoholic Beverage</b>	Spain	10,336	32.5%
	Great Britain/N.	3,831	12.1%
	Ireland		
	US	2,495	7.9%
	France	2,236	7.0%
	Australia	1,409	4.4%
	Italy	969	3.1%
	Others	10,482	33.0%
	<b>TOTAL</b>	31,758	100.0%
<b>Sauces, Condiments, Spices and Mixes</b>	<b>US</b>	<b>7,594</b>	<b>36.7%</b>
	Canada	2,141	10.4%
	Malaysia	1,577	7.6%
	Australia	697	3.4%
	Others	8,656	41.9%
	<b>TOTAL</b>	20,665	100.0%
<b>Confectionery and Honey</b>	<b>US</b>	12,802	45.3%
	Indonesia	3,478	12.3%
	Australia	1,097	3.9%
	Others	10,875	38.5%
	<b>TOTAL</b>	28,252	100.0%
<b>FRESH FOOD</b>			
<b>Meat</b>	India	40,752	32.3%
	Australia	22,947	18.2%
	Germany	9,079	7.2%
	Canada	8,587	6.8%
	Netherlands	7,820	6.2%
	Denmark	7,351	5.8%
	US	7,026	5.6%
	Ireland	6,696	5.3%
	France	5,119	4.1%
	New Zealand	3,499	2.8%
	Others	7,268	5.8%
	<b>TOTAL</b>	126,144	100.0%
<b>Cereals</b>	<b>US</b>	<b>252,808</b>	<b>53.9%</b>
	Canada	60,989	13.0%
	Australia	36,798	7.8%
	Others	118,545	25.3%
	<b>TOTAL</b>	469,140	100.0%
<b>Fresh Fruits</b>	China	13,375	52.9%



	US	5,563	22.0%
	Taiwan	920	3.6%
	Canada	544	2.2%
	Australia	525	2.1%
	Others	4,342	17.2%
	<b>TOTAL</b>	<b>25,269</b>	<b>100.0%</b>
<b>Fresh Vegetables</b>	<b>US</b>	<b>1,201</b>	<b>28.3%</b>
	China	681	16.1%
	Netherlands	532	12.5%
	Australia	271	6.4%
	Taiwan	162	3.8%
	Germany	107	2.5%
	Others	1,287	30.3%
	<b>TOTAL</b>	<b>4,241</b>	<b>100.0%</b>

Source: Philippine Department of Trade and Industry

## BEST PRODUCT PROSPECTS

### C Products Present in the market

The food products most often imported by trading companies or importers in the Philippines are:

- |                                 |                               |                              |
|---------------------------------|-------------------------------|------------------------------|
| -fresh fruits - apples,         | -cheese                       | -chocolates and candies      |
| mandarin oranges, grapes,       | -frozen poultry               | -cookies                     |
| lychees                         | -frozen pork                  | -biscuits                    |
| -fresh vegetables - iceberg     | -frozen chicken leg quarter   | -pancake mix                 |
| lettuce, broccoli, cauliflower, | -frozen boneless buffalo meat | -frozen dough products       |
| romaine lettuce, celery         | -frozen boneless beef         | -oatmeal                     |
| -frozen sliced potatoes         | -frozen pork belly            | -snack foods incl. chips and |
| -frozen french fried potatoes   | -vienna sausage               | -extruded snacks             |
| -hashbrowns                     | -canned pork luncheon meat    | -cereals                     |
| -canned mushrooms               | -corned beef                  | -frozen squid and mackerel   |
| -canned fruit cocktail          | -soup preparations            |                              |
| -canned peach halves            |                               |                              |
| -chestnuts                      |                               |                              |
| -young/canned corn              |                               |                              |

### C Products not present in significant quantities but have good sales potential

Although there are already several brands of prepared foods in the market, there is an increasing trend for fast-food service. Interviewed retailers believe that convenient and easy to prepare items have good potential in the market. Dual-income families are now prevalent in our society and prepared foods, including micro-waveable foods, are increasingly providing convenience to these consumers.

Healthy, organic foods, light foods, foods that are "low" in fat, salt, or calories seem to be also shaping up in the market.